

Exhibit 3

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION

3 TEXAS ASSOCIATION FOR MONEY)
4 SERVICES BUSINESSES (TAMS),)
5 Plaintiff,)
6 v.) Docket No. 5:25-cv-00344-FB
7) San Antonio, Texas
8) April 11, 2025
9 PAM BONDI, ATTORNEY GENERAL)
10 OF THE UNITED STATES;)
11 SCOTT BESENT, SECRETARY)
12 OF THE TREASURY; UNITED STATES)
DEPARTMENT OF THE TREASURY;)
ANDREA GACKI, DIRECTOR OF THE)
FINANCIAL CRIMES ENFORCEMENT)
NETWORK; FINANCIAL CRIMES)
ENFORCEMENT NETWORK,)
Defendants.)

TRANSCRIPT OF MOTION HEARING
BEFORE THE HONORABLE FRED BIERY
UNITED STATES DISTRICT JUDGE

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14 Proceedings reported by stenotype, transcript produced by
15 computer-aided transcription.

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1 expensive process if it were, I would imagine, even by Mexico
2 wages. I just -- it defies logic.

3 And I think that what's truly happening is that we're the
4 little guys. These mom-and-pops are the little guys in this
5 space. You know, the big banks get to get off scot-free, and
6 they get to pick up all of these people's business. That's
7 what's going to happen.

8 THE COURT: All right. First witness.

9 MR. GUTIERREZ: Yes, Your Honor. Your Honor, at this
10 time I'd like to call Edelmiro Agustin Martinez.

11 Your Honor, would you like me to elicit questions from here
12 or from the --

13 THE COURT: No. I want him to testify.

14 MR. GUTIERREZ: Where would you like me to --

15 THE COURT: Oh, no. Right there at the lecturn.

16 Raise your right hand, please.

17 *(The oath was administered)*

18 THE COURT: All right. Be seated there. And pull the
19 mic up to you.

20 You may proceed, counsel.

21 MR. GUTIERREZ: Thank you, Your Honor.

22 EDELMIRO AGUSTIN MARTINEZ, PLAINTIFF'S WITNESS, SWORN
23 DIRECT EXAMINATION

24 BY MR. GUTIERREZ:

25 Q. Mr. Martinez, I may have gotten your name wrong. I don't

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1 know if it's Agustin Edelmiro or vice versa. Can you please
2 tell us your name for the record.

3 A. My name is Edelmiro Agustin Martinez.

4 Q. Thank you, sir.

5 And where do you live, Mr. Martinez?

6 A. I live in Laredo, Texas.

7 Q. Okay. And you are the owner of what company?

8 A. My company is Laredo Insurance Services.

9 Q. Okay. You have a few locations. How many locations do you
10 have?

11 A. I have eight locations.

12 Q. Eight locations. All in Laredo? All in Webb County?

13 A. All in Webb County.

14 Q. Okay. You are a member of the Texas Association for Money
15 Services Businesses, correct?

16 A. Yes, sir.

17 Q. And together with your competition, quite frankly --

18 A. Correct.

19 Q. -- you're here today asking for some relief from the Court?

20 A. Correct.

21 Q. Okay.

22 MR. GREEN: Your Honor, I apologize again for
23 interrupting. But can defendant invoke the rule?

24 THE COURT: How many other witnesses do you plan on
25 calling?

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1 MR. GUTIERREZ: None today. I mean, if he's concerned
2 about some future hearing, we can have them sit outside. It's
3 fine. It's up to the --

4 THE COURT: Future hearing or just for today?

5 MR. GREEN: That would be my reference, Your Honor.

6 THE COURT: Future?

7 MR. GREEN: Yes.

8 THE COURT: Okay. All right. Mr. Gutierrez, if
9 you'll have any others that may be testifying --

10 MR. GUTIERREZ: Your Honor, if I could only ask one of
11 the members who's also part of our legal team to stay.

12 THE COURT: Yes.

13 MR. GUTIERREZ: Thank you. Her name is Klaryx
14 Martinez, and she's with a law firm here in San Antonio.

15 THE COURT: All right. She may come to the counsel
16 table.

17 MR. GREEN: And, Your Honor, if she's going to be
18 participating both as a witness and as counsel, I'm a little
19 bit confused. I don't think that that would be appropriate.

20 THE COURT: Come to the -- use the mic or come to the
21 lectern.

22 MR. GREEN: I apologize. But just to clarify, I
23 thought plaintiff indicated that they'd like to have someone
24 who is both a witness remain in the courtroom because they're
25 also a member of the legal team. And I don't think that would

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1 be appropriate, Your Honor. I'd ask that if she will be a
2 witness, that she be excluded.

3 THE COURT: Well, yeah. Lawyer can't do both. So,
4 Mr. Gutierrez, she could either be a lawyer or a witness.

5 MR. GUTIERREZ: Your Honor, she's just going to be a
6 lawyer. That's it. She's the -- she's a family lawyer, and
7 she's just going to be a lawyer for one of the businesses
8 and --

9 THE COURT: Okay.

10 MR. GUTIERREZ: Mr. Oscar Hinojosa is also an attorney
11 here with her today. And I understand --

12 THE COURT: Well, if they're going to testify --

13 MR. GUTIERREZ: They're not going to testify.

14 THE COURT: Oh, they're not? Well, then they can
15 stay.

16 MR. GUTIERREZ: They don't work for the entities.
17 They're not shareholders for the entities.

18 THE COURT: Okay.

19 MR. GUTIERREZ: They're just counsel.

20 THE COURT: All right. That's fine.

21 Okay. Go ahead.

22 MR. GUTIERREZ: Okay, Your Honor. If I may, Judge?
23 May I proceed?

24 THE COURT: Sure. Go ahead.

25 MR. GUTIERREZ: Thank you.

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1 BY MR. GUTIERREZ:

2 Q. You're the chair of the Texas Association for Small
3 Businesses, correct?

4 A. Uh-huh. Correct.

5 Q. Okay.

6 THE COURT: By the way, let me ask -- and just to jump
7 ahead here, I was reminded in all of this that these are not
8 whole counties, but they are ZIP Codes?

9 MR. GUTIERREZ: Yes, Your Honor.

10 THE COURT: So, Mr. Martinez, you have eight
11 businesses?

12 THE WITNESS: Yes, Your Honor.

13 THE COURT: Are all of them in the affected ZIP Codes?

14 THE WITNESS: Yes, Your Honor.

15 THE COURT: Okay.

16 MR. GUTIERREZ: Yes.

17 THE COURT: And then, Mr. Gutierrez, at some point if
18 you have people like Mr. Martinez, well, yeah, this business is
19 affected -- this ZIP Code, but this one isn't. Anything like
20 that, that you can proffer?

21 MR. GUTIERREZ: None from -- none of our members --
22 all of our members are in the respective ZIP Codes.

23 THE COURT: Okay. All right. Go ahead.

24 MR. GUTIERREZ: And, Your Honor, to the extent that we
25 have one member that has a Western -- that is in the Western

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1 District, stores in the Western District, within the ZIP Codes,
2 in El Paso, he's outside already, and we can call him up for
3 that one simple question, just on standing if it were
4 necessary.

5 THE COURT: Okay. I don't think so.

6 Go ahead. All right.

7 MR. GUTIERREZ: And we can ask Mr. Martinez that
8 question.

9 BY MR. GUTIERREZ:

10 Q. You do have members from both -- from El Paso County,
11 correct?

12 A. Yes. Correct.

13 Q. Members from Webb County?

14 A. Correct.

15 Q. From Cameron?

16 A. Correct.

17 Q. From Hidalgo?

18 A. Correct.

19 Q. And from Maverick?

20 A. Correct.

21 Q. And you are correct. Not all of those counties are
22 affected, but every one of those members that are a part of the
23 members of Texas Association of Money Services Business is
24 within those counties and in the affected ZIP Codes; is that
25 correct?

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1 A. Correct.

2 Q. Okay. Thank you.

3 Can you describe how your business operates and what
4 services you provide?

5 A. My businesses. It's check cashing and currency exchange.

6 Q. Okay. How many employees or family members rely on your
7 business income?

8 A. Yesterday we had 37 employees.

9 Q. And you are neither the smallest of the operations, nor are
10 you the biggest of the operations, correct, of all of -- of all
11 of your competitors here?

12 A. I'm in the middle.

13 Q. You're in the middle.

14 Okay. And how many CTRs do you typically file per week,
15 currency transaction reports?

16 A. We file around -- from two to four CTRs per week.

17 Q. Have you reviewed the March 2025 geographic targeting
18 order?

19 A. I have reviewed it.

20 Q. How will the GTO affect your daily operations?

21 A. The GTO is going to affect our operation because people
22 now, they -- we neighbor with some banks. And now the people
23 know that we're going to ask for their Social Security, their
24 visa and everything. They're just going to walk right next
25 door, and they're going to exchange with the bank. And the

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1 banks -- I mean, they're going to take all our businesses. And
2 they're not required by it.

3 My customers, 99 percent of my customers, typical tourists,
4 they're coming from Mexico or they're going on vacation from
5 the U.S. into Mexico. Our average transaction is \$200. The
6 checks -- we exchange checks through truck drivers that want to
7 go back and forward, that they exchange their check to cash,
8 and then that cash, they make it into Mexico, or to pesos, or
9 they send it -- or they go across. And that's how our money --
10 our business work.

11 The disadvantage is that, I mean, also, right across the
12 border there are about 300 casas de cambio, that they're not
13 going to -- in Mexico, that they're not going to require -- or
14 they're not on the GTO. So these people in the U.S., they can
15 just walk across, and they can exchange through their business
16 in Mexico, and they won't be subject to any regulations.

17 Q. To your point earlier, why would people at \$201 be
18 reluctant to give you ID? I know that you've had customers
19 give you these concerns before. Can you express those concerns
20 to the Court?

21 A. Okay. Right now, being a regulated entity, we ask for
22 information above a thousand dollars. We ask for -- if you're
23 going to do a transaction in our businesses, on MSBs, above a
24 thousand dollars, we ask for a Social Security, for their
25 address, for passport, for everything, and we keep it in files.

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1 And then if they go above 10,000, the \$10,000 CTR, which we
2 rarely have a transaction report, like three or four
3 transactions a year above \$10,000.

4 Q. And so let me stop you there.

5 A. Uh-huh.

6 Q. You collect data at above a thousand dollars?

7 A. Yes. Correct.

8 Q. And that's something that you've done on your own or
9 because you're required to by law?

10 A. No. We're required to. Above a thousand dollars, we're
11 required to keep and file information on these clients.

12 Q. And is that by the Texas Department of Banking or the
13 federal government?

14 A. Both.

15 Q. Okay. You had suggested earlier that there --

16 THE COURT: So let me ask --

17 MR. GUTIERREZ: Yes.

18 THE COURT: Stop there.

19 MR. GUTIERREZ: Yes.

20 THE COURT: So these different thresholds, \$10,000,
21 you have a few a year?

22 THE WITNESS: A few -- the \$10,000 with customers, we
23 have very -- probably four or five a year.

24 THE COURT: Okay.

25 THE WITNESS: And with banks, we probably have two or

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1 three a week, where we get our pesos or we get our dollars or
2 depending what we need for inventory.

3 THE COURT: Okay. But on the \$10,000, you file the
4 CTR that we've been talking about here?

5 THE WITNESS: In the \$10,000. Above 10,000.

6 THE COURT: All right. For the thousand -- now we
7 come down to thousand dollars. And for those and above, you
8 collect the same information as you would, but you just keep it
9 on file. You don't send it to Treasury?

10 THE WITNESS: Well, every time that we get audited by
11 the IRS or the Department of Banking, they get all our data,
12 and they have it.

13 THE COURT: Okay. But you don't have to file the
14 CTR --

15 THE WITNESS: We don't have to file it.

16 THE COURT: -- at the time of the transaction?

17 THE WITNESS: That's correct.

18 THE COURT: Okay. How many of those -- a thousand
19 dollars to two or three thousand, how many of those a year?

20 THE WITNESS: We've had thousands and thousands.

21 THE COURT: Okay.

22 THE WITNESS: And let me specify. In order for us to
23 do a transaction above \$2,000, which you have to show me proof
24 of source. If you don't have where that money came from, we
25 won't do any business with you. So we'll reject that

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1 transaction.

2 THE COURT: Okay. But a thousand dollars or more, you
3 collect the same information that we're talking about for this
4 lawsuit?

5 THE WITNESS: Correct. Yes, sir.

6 THE COURT: Okay.

7 THE WITNESS: Your Honor.

8 THE COURT: You just don't send it in?

9 THE WITNESS: No. We send our data when we get
10 audited --

11 THE COURT: Okay.

12 THE WITNESS: -- for those transactions.

13 THE COURT: And the number of those transactions a
14 year are, you said, a lot?

15 THE WITNESS: Yes.

16 THE COURT: Okay. And so if the threshold were a
17 thousand dollars instead of 200, would that -- or would it not
18 be a burden if you're already collecting the information?

19 THE WITNESS: I think that will be very helpful, yes.
20 It would help a lot, to take the pressure out of our
21 businesses.

22 THE COURT: Okay. So let's talk percentages now. If
23 it was \$999 and below, to \$20, what percentage of your business
24 is in that category?

25 THE WITNESS: Probably -- I think our average

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1 transaction -- taking all the transactions in the whole year,
2 our average transaction is from \$180 to \$338. That's our
3 average transaction.

4 THE COURT: Okay.

5 THE WITNESS: So let's say about 60 percent, maybe 50
6 percent.

7 THE COURT: Fifty to 60 percent?

8 THE WITNESS: I'm guessing. I don't have the data.
9 But, I mean, yes.

10 THE COURT: So 35, 40 percent is the thousand dollars
11 and more? Or \$500 and more?

12 THE WITNESS: Probably. Uh-huh.

13 THE COURT: Okay. All right. Go ahead.

14 MR. GUTIERREZ: Your Honor, just for your edification,
15 some of these businesses offer different services. And if we
16 were to hear further testimony down the road in this case, you
17 would hear just the currency exchange companies, that don't
18 have the transmission piece, their transactions are 99 percent
19 less than a thousand dollars. But that's neither here nor
20 there.

21 THE COURT: Okay.

22 BY MR. GUTIERREZ:

23 Q. Are you ready to comply with this GTO on the 14th?

24 A. Right now, I got -- I have people, engineers and trying to
25 adapt our software. And I don't think we're going to be ready.

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1 But I'll -- I mean, if this order goes through, I mean, we're
2 going to probably do it, Judge. Like Walmart, at Walmart,
3 they're going to limit their transactions up to \$200. And it's
4 not going to solve anything, because now Walmart, that they
5 have MoneyGrams, Western Union, all that, they're going to
6 limit their transactions to \$200 or under. That way, they
7 don't have to comply with this GTO.

8 Q. And that's -- and you don't know that for a fact. This is
9 what you've been told?

10 A. I don't know for a fact. But they already put signs on the
11 Laredo stores that they're just going to do \$200 transactions
12 and under. So they're not going to be sending CTRs.

13 Q. And if you were to do that, you're going to have a
14 tremendous loss of business at anything between 200 and a
15 thousand and certainly beyond?

16 A. Correct. But they're going to -- like I said, they're
17 going to walk to the bank right in front of us, where they
18 already put big signs about that they're going to exchange
19 pesos, in front of our stores, or they're just going to go
20 across the border and exchange in Mexico.

21 And now, there are two type of licenses. There's a
22 transmitter license, like MoneyGram, Western Union. And it's
23 the currency exchange. Everything that we get audited, I ask
24 the same question to the auditors. How can using our financial
25 situation as a currency exchange, people can launder money?

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1 They can't. It's no way they can do it through our
2 institutions of currency exchange because we don't pay to third
3 parties. We do business. You have to be present at the
4 window, and it's one to one. We don't pay to somebody else.
5 That's -- so it's almost impossible -- or impossible to launder
6 money through our currency exchange license.

7 Q. Okay. Let me ask you this. To your testimony, you're kind
8 of the middle of the road here. Your smaller competitors, they
9 don't have any kind of software to speak of, correct?

10 A. No.

11 Q. They've been able to comply --

12 A. I mean, they got softwares, but they're -- I mean, they've
13 been in business for 20, 30 years, the ones that I have talked
14 to. And they're not updated. I mean, they just keep the
15 requirements.

16 Q. So there is a software called Soft Exchange. A lot of you
17 use it. It helps you with the exchange of dollars to pesos and
18 how to figure out that margin. We know that that software
19 exists and the vast majority of these members use it. But to
20 be able to create the batch software that would be necessary to
21 comply with the government's request, it would cost thousands
22 of thousands of dollars, correct?

23 A. Correct.

24 Q. And your members here, not all of them are as big as you or
25 as big as the people that are above you, correct?

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1 A. Correct.

2 Q. Most of these folks have just one single shop, maybe two?

3 A. One or two, yes.

4 Q. All right. What do you expect would happen to these
5 smaller organizations on April 14th if this order goes into
6 effect?

7 A. I think -- I think what is going to happen, unless they get
8 the software, they're just going to lower their \$200 and down
9 transactions. That way, they can keep up with the info. And I
10 guess they're going to do --

11 Q. Would they lose business?

12 A. They're going to lose business. And they --

13 Q. Would they --

14 A. -- say that they might shut down.

15 Q. They might shut down.

16 Would they reduce their employees?

17 A. Correct.

18 THE COURT: So let me ask you this.

19 THE WITNESS: Uh-huh.

20 THE COURT: If this goes into effect, and you've
21 alluded to it, spoke to it -- and, obviously, you all are in
22 business. The bank -- the Laredo National Bank and IBC,
23 they're in business. And there are fees to be charged, whether
24 it's the bank or you all. That's how you make your money?

25 THE WITNESS: We make the spread between the buying,

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1 the selling. We make --

2 THE COURT: Right.

3 THE WITNESS: Yes.

4 THE COURT: Okay. And so if this goes into effect,
5 and I go in -- somebody goes in and wants to do a
6 thousand-dollar transaction. And you say, well -- or \$250.
7 "Well, you have to -- I need your Social Security number" or
8 this, that and the other, is there a LNB branch close to you or
9 IBC?

10 THE WITNESS: They're right next door.

11 THE COURT: Okay. So --

12 THE WITNESS: And IBC --

13 THE COURT: So if somebody has something to hide and
14 they want to do a 250-dollar transaction or they just don't
15 want to give somebody their Social Security number --

16 THE WITNESS: We have a bunch of problem with even
17 bigger transactions, where people, they don't feel -- because
18 we're not a bank, but they don't trust --

19 THE COURT: Right.

20 THE WITNESS: -- giving out Social Security and for
21 smaller transactions.

22 THE COURT: Okay. So they go next door to Laredo
23 National, and they don't have to give their Social Security
24 number?

25 THE WITNESS: Less than a thousand dollars, they

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1 don't.

2 THE COURT: Right. But under this rule, if it's \$250,
3 with you, they do?

4 THE WITNESS: Correct.

5 THE COURT: But if they go to the bank, they don't?

6 THE WITNESS: Correct.

7 THE COURT: Okay. All right. Go ahead.

8 MR. GUTIERREZ: Thank you.

9 BY MR. GUTIERREZ:

10 Q. Really briefly, just loss of business itself, the mere
11 extra effort that goes into place in asking the person, at \$200
12 or more, you have people -- most of these stores that I see
13 have drive-throughs. I'm sure you have drive-throughs. Just
14 the mere waiting in line, waiting in line, will that cause a
15 loss of business?

16 A. Okay. Let's say -- let's say it's a Friday afternoon and
17 people are going into Mexico for the weekend, we have a branch,
18 and they do about 3- to 400 transactions that day. And if we
19 start asking for those 200-dollar information, it takes us --
20 filling out in the software and everything, getting copies of
21 their IDs and everything, it takes us from seven to 12 minutes
22 for that information, for the teller that is going to help the
23 customer to proceed.

24 So if you add that, those people, they're just -- I mean,
25 those lines and --

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1 Q. Time out. Software that you don't have implemented at this
2 time, training that you haven't done at this time and the same
3 software that most of these people don't have at all, correct?

4 A. Correct. Uh-huh.

5 Q. All right. Would these costs or burdens exist but for this
6 geographic targeting order? In other words, if this -- would
7 this extra cost be in place if this GTO never happened? I
8 guess we could assume that we could say no?

9 A. No.

10 Q. Have you received any explanation or outreach from FinCEN
11 explaining why your ZIP Code was included?

12 A. No. And this is -- I've been in business since -- okay.
13 My family also -- I was born on the MSB business. I've been --
14 I mean, I have more probably experience -- I mean, since I was
15 a little boy, we've been on the business. So I know -- and
16 this is the first time. And we have tried in the past to
17 contact FinCEN for what kind of IDs and everything that we
18 are -- and it's the first time that we ever got contact, like
19 that seminar a week ago or three days ago.

20 Q. The seminar that happened three days ago?

21 A. Yes.

22 Q. So your father's also in the business. You're friendly
23 competitors. I know that. The Court doesn't know that. Let's
24 talk about that.

25 Simply stated -- Ms. Powell suggested that there have been

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1 GTOs reducing the threshold from 10,000. I don't disclaim what
2 Ms. Powell has suggested. Perhaps that's the case. In your 20
3 years of business experience in this business, have you ever
4 seen the threshold fall below \$10,000?

5 A. Never. Never. And my understanding -- and there's some
6 people here that been 40 years in the business. They have
7 never seen a GTO.

8 Q. You stated earlier that you will not be able to comply by
9 April 14th. That's correct?

10 A. Correct. We don't -- as right -- as today, we don't have
11 the softwares to filing the batch or the batches. And so, I
12 mean, we're working on it. I think -- I mean, but it's --

13 Q. If you fail to comply -- and if you don't know the answer
14 to this, you don't have to answer it.

15 If you fail to comply, do you know if you're going to face
16 fines or possible jail time by failing to comply to a CTR
17 request?

18 A. If you fail to -- I think it's a thousand dollars per CTR,
19 if you don't file it.

20 Q. Okay. Have you been able to secure legal or technical
21 assistance to help you comply? I think you testified that you
22 are trying already. So you don't -- you don't need to answer
23 that.

24 Do you believe you'll have to lay off staff, reduce
25 services or close entirely?

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1 A. If our volume goes down, and we are almost a hundred
2 percent that it's going to go down because they're just going
3 to walk to next door or into Mexico, we're going to have to, I
4 mean, shut down or reduce our staff to half or just, I mean --
5 and it's going to happen --

6 Q. You mentioned this very important point that neither
7 Ms. Powell nor I have suggested to the Court. You suggested
8 there's 300 such shops along the Laredo/Nuevo Laredo border on
9 the Mexican side.

10 A. On the Mexican side.

11 Q. Now, some of them are regulated by the federal government
12 in Mexico, but you also have something that -- a typical term
13 is in Mexico would be *arbolitos*, which means small trees,
14 Judge, as you know. And it's young men that are out there
15 exchanging money with tourists on the Mexican side. That is
16 very common to see on the Mexican side, correct?

17 A. Correct. And I wanted to add one more thing for the
18 federal government as -- I guess, if they put all this money
19 and try to combat because we get -- we lose money, and I can
20 show it. There's some web pages or Facebook pages from across,
21 from Mexico or, I mean, all over the place, that they do the
22 currency exchange in the ten thousands of dollars without any
23 information, and they do the trades through Facebook.

24 We have already told the regulators. We already told
25 FinCEN. Well, the IRS, not FinCEN -- the IRS, that these

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1 businesses is hurting us because now -- because of Facebook,
2 they're doing the transactions, and they can meet over a
3 Walmart parking lot, and they can meet somewhere else. And
4 they -- one has pesos, one has dollars, and they do the
5 transaction, and no information required.

6 THE COURT: And this is done on the U.S. side?

7 THE WITNESS: We have some Facebook pages that they're
8 on the U.S. side and in Mexico side, just across.

9 THE COURT: Okay.

10 BY MR. GUTIERREZ:

11 Q. And on -- and on the Mexican side, we even have physical
12 entities, facilities that are not regulated by the government
13 and anecdotally at least it's been argued to me --

14 MR. GREEN: Your Honor, I'll object to counsel --

15 THE COURT: Sustained.

16 BY MR. GUTIERREZ:

17 Q. Okay. Are there places in Mexico that are facilities run
18 by the cartels that are doing currency exchange, to your
19 knowledge?

20 A. To my knowledge? I don't know, but I guess.

21 Q. That's fine.

22 THE COURT: Okay.

23 BY MR. GUTIERREZ:

24 Q. You mentioned that you're trying to get the software, but
25 many of the other people have not been able to do that.

Edelmiro Agustin Martinez - Direct

1 You've mentioned that the GTO has caused fear in the
2 community, stigma, reputational damage to your industry?

3 A. Correct.

4 Q. Do you believe the GTO targets businesses or communities
5 like yours unfairly?

6 A. Correct.

7 Q. Why not IBC? Why not Laredo National Bank?

8 A. Correct.

9 Q. Why not Lone Star National Bank? All great banks, nice
10 people.

11 A. And they're very competitive. So I don't know -- and they
12 do probably more transactions than we do. And I can tell you,
13 I got more experience that they do because I was born on the
14 business. But, I mean, now they don't have to -- they're just
15 going to go -- and the community is going to be affected
16 because they're probably going to open up their volumes, and
17 they're going to make more money, and we're going to be out of
18 business.

19 THE COURT: And so why do people choose to do business
20 with your kind of place as opposed to LNB?

21 THE WITNESS: Because sometimes, Judge, they're people
22 that -- their own bank. And they get paid. I mean, they're --
23 as soon as they get paid by a check. And they don't want to --

24 THE COURT: Okay.

25

Edelmiro Agustin Martinez - Direct

1 BY MR. GUTIERREZ:

2 Q. And additionally, there's more of you in volume. There's a
3 lot of small little shops in volume than there are the larger
4 banks?

5 A. Uh-huh. Correct.

6 Q. And it's also noteworthy -- and I just saw a news story on
7 this that came out. It's noteworthy -- I would describe that
8 your -- that a lot of --

9 MR. GREEN: Your Honor, same objection.

10 THE COURT: Sustained.

11 BY MR. GUTIERREZ:

12 Q. Are a lot of your clients unbankable?

13 A. A bunch of my clients are unbankable.

14 Q. All right. Very good.

15 A. And they're afraid to -- if they go and deposit their check
16 at the bank, the NFC sometimes -- I mean, because inflation,
17 they don't want to go -- I mean, that's what we heard on the
18 shops, that they don't want to go negative, and then they be
19 charged \$35 on the fee because of the NFC, and they lose
20 their -- 30 percent of their check, you know.

21 MR. GUTIERREZ: Your Honor, I have nothing further at
22 this time, and I pass the witness.

23 THE COURT: All right. Cross, Mr. Green or
24 Ms. Powell?

25 MR. GREEN: That'll be me, Your Honor.

Edelmiro Agustin Martinez - Direct

1 MS. POWELL: I was going to let Mr. Green handle this
2 one.

3 THE COURT: All right. By the way, this is old home
4 week. Ms. Powell, you don't know this. This is -- we have a
5 small -- historically, a very small bar here. And so we
6 have -- Mr. Green, you clerked for Judge Garcia?

7 MR. GREEN: That's right.

8 THE COURT: And I never can remember. Is it your
9 father or grandfather that I am so close to.

10 MR. GREEN: Grandfather, Your Honor.

11 THE COURT: All right. Is he still with us?

12 MR. GREEN: He is.

13 THE COURT: Good. Tell him hello. He was county
14 clerk for years when I started 47 years ago in county court.

15 And then we have Ms. Kruger here, whose son and my
16 granddaughter were in the same class for several years. And by
17 the way, the Hidden Forest group went to the Botanical Gardens
18 yesterday, the first graders. And who's there but Sunshine
19 Cottage.

20 And then there's Mr. Murray. And Mr. Murray's father and
21 uncles were -- and my father and uncle were contemporaries.
22 And now, you know, Mark, when we were young lawyers -- or at
23 least I thought, perhaps you. We thought that our fathers and
24 uncles, at the age of 50 or 55, and we were 25 -- we thought
25 they were old men.

Edelmiro Agustin Martinez - Cross

1 MR. MURRAY: Ancient.

2 THE COURT: And we are older now than they were then.

3 MR. MURRAY: Isn't it amazing how young they were?

4 THE COURT: Anyway. Glad to have all of you here.

5 One more reason why I will never retire.

6 All right. Mr. Green, do you have cross-examination?

7 MR. GREEN: I do, Your Honor.

8 CROSS-EXAMINATION

9 BY MR. GREEN:

10 Q. Mr. Martinez, you may have said it already. What's the
11 name of the MSB that you are chair of or president of?

12 A. Laredo Insurance Services.

13 Q. Thank you.

14 And you said that they have six locations in Webb County?

15 A. We got eight. Eight locations.

16 Q. Eight locations in Webb County.

17 And are all of -- all eight of those locations within Webb
18 County?

19 A. Correct.

20 Q. Just briefly, I'd like to go through some of the ZIP Codes.

21 Are any of them located in the 78040 ZIP Code?

22 A. 78040? I think so. Uh-huh.

23 Q. Do you know how many of them are located in that ZIP Code?

24 A. I mean, we can go and -- I need to -- I mean, I don't know
25 exactly the ZIP Code. We got 45 and 40, 41, 43, 46. I mean --

Edelmiro Agustin Martinez - Cross

1 Q. Okay. Well, you just listed off several of them. So do
2 you know how many are located in 78040 specifically?

3 A. I think I got two locations in 78040.

4 Q. Okay. Do you know how many are located in 78041?

5 A. 41? It should be one.

6 Q. What about in 78043?

7 A. I got one or two.

8 Q. What about 78045?

9 A. 45, I got one.

10 Q. Okay. And, finally, 78046?

11 A. One. Because 43 and 46, they're kind of the same.

12 Q. I see.

13 So that's six to seven locations that are within those ZIP
14 Codes that we have reviewed? And is the remaining location in
15 Webb County but in a different ZIP Code?

16 A. Uh-huh.

17 Q. And do you have any understanding of whether that location
18 would not be covered by the GTO?

19 A. All my -- I mean, like I said, I don't know the specific on
20 the ZIP Codes, but I already checked the GTO. All my locations
21 are in those ZIP Codes that they're on the GTO order.

22 Q. Okay. You're also the chair of TAMSB; is that correct?

23 A. The association? Correct.

24 Q. Yeah.

25 THE COURT: By the way, there was some question about

Edelmiro Agustin Martinez - Cross

1 the acronym. Is it TAMSb?

2 THE WITNESS: TA -- Texas Association for Money
3 Services Business.

4 THE COURT: Okay. Texas -- okay. So the initials
5 TAMSb, is that correct?

6 THE WITNESS: Correct.

7 THE COURT: Okay. Go ahead.

8 BY MR. GREEN:

9 Q. How long have you been in that role as chair of TAMSb?

10 A. Recent.

11 Q. How recent? Do you have the particular date or number of
12 months?

13 A. Probably a month.

14 Q. Okay. Is that as long as TAMSb has existed?

15 A. I mean, we got all together, and we kind of just caused it
16 and got it.

17 Q. Understood.

18 Did TAMSb exist before March of 2025?

19 A. No.

20 Q. Okay. How many members are there of TAMSb?

21 A. Around 11.

22 Q. Eleven?

23 Can you list the names of the members?

24 A. And I just want to say, we created the MSB association
25 because we are afraid for giving our entities because then

Edelmiro Agustín Martínez - Cross

1 we're going to be targeted. But I know the names. I can
2 mention it to you.

3 Q. What are the -- as many as you can -- I know I'm asking you
4 a question on the spot. But as many of them as you can
5 remember.

6 A. It's Tamex (phonetic) Casa de Cambio, Temex (phonetic)
7 or -- it's Best Rate. It's Emex Money Exchange -- or Emex
8 Financial Services, San Ysidro Casa de Cambio, I think Rio Casa
9 de Cambio, I think Reynosa Casa de Cambio. There's one I think
10 under Nydia (phonetic) Regalado, which is also -- they have two
11 licenses. I mean, we got -- I got them in my phone. I can --
12 because I don't -- I mean, I know the people. I don't know
13 their businesses, but I mean --

14 Q. That's okay.

15 Does TAMSb have articles of incorporation?

16 A. No.

17 Q. Bylaws? Are you aware of any document that sets out the
18 purpose of TAMSb as an organization?

19 A. No.

20 Q. Does TAMSb collect dues from its members?

21 A. I guess it's going to start. It hasn't.

22 Q. It hasn't begun to collect dues from its members?

23 A. Correct.

24 Q. Are you familiar with TAMSb's finances?

25 A. It was just created. I don't think -- I mean --

Edelmiro Agustin Martinez - Cross

1 Q. Does it have any income from any source?

2 A. Us right now. It's from the members.

3 Q. Okay. You mentioned that your business feels some
4 competition from banks that are also located near some of your
5 businesses and stores?

6 A. Banks and the ones across, in Mexico, too, that they're not
7 going through the same regulation or the GTO order.

8 Q. Are you familiar with any of the AML requirements for the
9 banks that are located in Webb County?

10 A. For their MSB businesses or for the whole bank? Because I
11 mean -- because they have a much of MSB services, and they do
12 also bank services. So I don't know. Our AML is about 200
13 pages long and --

14 Q. Okay. Specifically the nonbank services.

15 A. "The nonbank services"? What do you mean? Can you repeat
16 the question?

17 Q. Yeah. What are the AML requirements, that you're aware of,
18 for the non-MSB services that the banks provide?

19 A. I don't get the question.

20 THE COURT: I don't understand.

21 MR. GREEN: Let me -- let me --

22 THE COURT: This has something to do with the --

23 THE WITNESS: I'm not a bank, so I don't know what
24 their requirements are. But I mean --

25

Edelmiro Agustin Martinez - Cross

1 BY MR. GREEN:

2 Q. Are they required to get IDs for people who come in to do
3 transactions?

4 A. Above -- I mean, they -- above 10,000 -- a thousand
5 dollars, they're required, the same as us, to ask for
6 information. Less than a thousand dollars, no, they're not
7 required --

8 Q. Okay.

9 A. -- for exchanging currency.

10 Q. For exchanging currency.

11 For making deposits or withdrawals?

12 A. I mean, I'm not a bank, but I guess for deposit and
13 withdrawal, you got to show your account number so -- in order
14 to deposit or withdrawal -- your information, right.

15 Q. What about for purchases of money orders?

16 A. We don't do purchases -- we don't do money orders.

17 Q. Or travelers checks?

18 A. We don't do -- any of our businesses here, they don't do
19 money -- and we don't do it because that same thing. We don't
20 want to -- like, money order, it's a way for somebody to
21 convert currency to check or -- so we don't do it because we
22 don't want to be involved in that -- in that business.

23 Q. Well, to be clear, I'm asking about identity verification
24 requirements for banks that provide those services.

25 MR. GUTIERREZ: Your Honor, I'm going to object simply

Edelmiro Agustín Martinez - Cross

1 because it calls for speculation. He is not a bank.

2 THE WITNESS: I'm not a bank.

3 MR. GUTIERREZ: He never testified that he's a bank.

4 And he doesn't know about the AML requirements for banks.

5 MR. GREEN: Well, that's my question. I'm asking if
6 he does know about those requirements.

7 THE WITNESS: The only thing that I know, because of
8 my customers, that they go to banks, it's less than a thousand
9 dollars, they're not required to show any proof of information.

10 MR. GREEN: Okay.

11 THE WITNESS: For currency exchange.

12 BY MR. GREEN:

13 Q. Can you describe for me how many employees of your entity
14 work on the submission of CTRs?

15 A. My chief -- I got two compliance officers, that they do the
16 submission for CTRs.

17 Q. And what software do they use to do that?

18 A. We have the Soft Exchange.

19 Q. I'm sorry. What was the name of that?

20 A. Soft Exchange.

21 Q. Soft Exchange?

22 A. Uh-huh.

23 Q. Is that software that's capable of submitting CTRs in a
24 batch format?

25 A. Not yet.

Edelmiro Agustin Martinez - Cross

1 Q. And what would you need to do in order to obtain software
2 that would do that?

3 A. I mean, we got to -- I mean, we already trying to do it.
4 But, I mean, engineers, that they're not -- I mean, they're not
5 that expensive. But they -- if we have -- we have to file an
6 XML -- XML format to -- which is a bunch of codes that is --
7 between our MSBs right here, we're trying to find out the codes
8 and everything. That way -- I mean, to -- in order to fill out
9 the CTRs by batch. But, I mean, it's -- I mean, it's hard. I
10 mean, it's a bunch of coding. I don't know. I mean, we're
11 trying.

12 Q. And how long -- what is the due date for a CTR relative to
13 when the transaction occurs?

14 A. Fifteen days.

15 Q. Okay. So for purposes of this GTO, that takes effect on
16 March 14th, would it be correct that the first CTR that's due
17 as a result of this GTO wouldn't be until March 30th?

18 A. March 30th?

19 Q. Fifteen days after --

20 A. April.

21 Q. I'm sorry. April 30th.

22 A. I guess. But just by him falling behind 14 days, so filing
23 CTRs is going to be crazy. I mean, it's going to be humanly
24 impossible to do it.

25 Q. I believe you testified earlier that the information that's

Edelmiro Agustin Martinez - Cross

1 reflected on a CTR, you're required by other regulations to
2 collect that information for transactions of a thousand dollars
3 or more; is that correct?

4 A. Correct.

5 Q. Can you give me a number or percentage of the transactions
6 that you process weekly that are between that \$200 and \$1,000
7 threshold?

8 A. I don't know exactly the numbers. I mean -- but above a
9 thousand dollars, 20, 30, 40 percent -- 20 percent above a
10 thousand. I mean, it's -- I got to see the data. I mean,
11 the -- to figure out the percentages.

12 Q. Okay. Have you reviewed the complaint that was filed by
13 plaintiffs in this case?

14 A. I have read the case, yes.

15 MR. GREEN: Okay. Your Honor, may I approach?

16 THE COURT: Yes.

17 (At the bench off the record)

18 MR. GREEN: I've handed the witness a copy of the
19 complaint that was filed in this case --

20 THE COURT: All right.

21 MR. GREEN: -- document number 1.

22 BY MR. GREEN:

23 Q. Mr. Martinez, I'd like to ask you about some specific
24 language on Page 2 of the complaint.

25 A. Page 2.

Edelmiro Agustin Martinez - Cross

1 Q. It's in the first full paragraph that begins "the
2 administrative burden."

3 A. Uh-huh.

4 Q. And I'm going to read the second sentence of that
5 paragraph, if you'll read along with me. It says, "Most
6 customers of money services businesses in the targeted ZIP
7 Codes will take their business elsewhere, largely to similar
8 stores in Mexico. Many are unregulated." That's what you've
9 testified to previously here today, correct?

10 A. Correct.

11 Q. And the next sentence, "Most members of TAMS will simply
12 cease to exist if this geographic targeting order becomes
13 effective." Are you familiar -- first of all, do you have any
14 way of quantifying how much of -- how many of your customers
15 would go to Mexico rather than provide identification?

16 A. I won't tell you into Mexico. But I would tell you, in the
17 U.S., like I say, we have truck drivers. And we mentioned to
18 them that this new order is going to come in. And they just
19 told us, we are just going to go and exchange our checks on
20 Encinal or San Antonio, on our way down, instead of coming to
21 Laredo.

22 I mean -- so it's -- I mean, I'm guessing that, also,
23 they're going to go into Mexico or they're going to do --
24 exchange their check, they're just going to go to San Antonio
25 or Encinal, Cotulla, do their business.

Edelmiro Agustin Martinez - Cross

1 Q. Looking at the paragraph above what I just read from,
2 there's a reference to a member of TMSB that's reported it
3 currently averages nine CTRs across its dozens of locations in
4 Texas per week. Do you know what entity that is?

5 A. EMEX Financial Services.

6 Q. Okay. And do you know how many locations that entity has
7 within Texas? The complaint says "dozens."

8 A. It does. It has -- I mean, it has, I guess, from 40 to 60.
9 I don't know how many they have.

10 Q. And do you know -- do you know which counties those
11 locations are in?

12 A. They got -- from the order, they got, I guess, in those
13 counties. And they got, like, three or four more counties that
14 they're not on the order.

15 Q. Okay. So some of their locations are within the area
16 covered by the GTO, and some are not?

17 A. Yes.

18 Q. Do you know how many of the CTRs that they generate on
19 average are within those covered areas?

20 A. I don't know.

21 Q. Okay.

22 A. I mean -- because, I mean, you're talking about
23 competitors. So sometimes we don't tell. But, I mean, they're
24 pretty big. So, I mean, I'm just -- I'm just guessing, I mean,
25 on those questions. You want me to talk about another business

Edelmiro Agustin Martinez - Cross

1 that -- it's hard.

2 Q. Understood. That's fair.

3 How did you learn about the GTO that's at issue in this
4 case?

5 A. The GTO? Through WhatsApp, I think, a texting app, that
6 the order was sent to me somehow. I think Mr. Gutierrez --
7 since it's -- everybody start sending it from -- these MSBs, we
8 started talking about it. That's how I find out.

9 Q. And was it from Mr. Gutierrez? Was it Mr. Gutierrez who
10 messaged you on WhatsApp about the GTO?

11 A. The first message that I got, it was from one of our
12 competitors. He sent me, like, the order, the PDF through
13 WhatsApp.

14 Q. Okay. And when you say "the order," do you mean the
15 document that was published in the Federal Register?

16 A. No. Before the Federal Register, I think, or -- I don't
17 remember.

18 Q. Do you remember what date that was that you received that
19 notification?

20 A. I don't like to give you specifics because, I mean, I don't
21 have -- I mean, I can check on my phone and give you the --
22 but, I mean, I don't know the specific date. But it was
23 probably two weeks, three weeks ago.

24 Q. Okay. Are you familiar with a Frequently Asked Questions
25 document that the Treasury Department, that FinCEN --

Edelmiro Agustin Martinez - Cross

1 A. Yes. And we sent a bunch of questions to FinCEN. And some
2 of those questions -- then it was a webinar. And the webinar,
3 those questions that most of us, we were asking, they were
4 never answered.

5 Q. Okay. How many webinars were there? Was there one or more
6 than one?

7 A. I think it was a webinar on Friday of last week, one, the
8 first one. And then I think it was, like, two, three days ago
9 it was another -- a second one.

10 Q. Okay. And then separate from that, I asked you about a
11 document that FinCEN published called Frequently Asked
12 Questions. Have you reviewed that document?

13 A. I saw it on the webinar.

14 Q. Okay. Did the webinar in that Frequently Asked Questions
15 document address any of the questions that you had about the
16 GTO?

17 A. It didn't ask us -- some of the concerns that we had, it
18 wasn't in there.

19 Q. What concerns are those?

20 A. Why \$200, when they already know -- they have the data at
21 least for a thousand and up? I mean, stuff like that we wanted
22 to find out. And why the \$200, which is going to -- I mean,
23 how I see it, how we see it, is somebody else want to take over
24 of our little businesses that we have created -- I mean, that
25 we have made over the 20, 30, 40 years. So we don't know who

Edelmiro Agustín Martínez - Cross

1 is that business or -- because \$200 to us, it just seems -- I
2 mean, it's just humanly impossible to file thousands and
3 thousands of CTRs a day. I mean --

4 And I want just to say to, also, Ms. Powell, there are two
5 licenses. There's the transmitter license, and there's the
6 currency exchange license. And the transmitter license is way
7 different. Transmitter license, they can pay to a third party.

8 And currency exchange license, you don't have -- I mean,
9 you can't -- you can't pay to a third party. So, I mean, we're
10 considered as MSBs, but we're not the same. I mean, so -- and
11 we're tired of -- you can see the series Netflix and, like,
12 that they target -- before, they used -- I mean, let's say 10,
13 20 years ago, they used to target banks as the money
14 launderers. And now they target the casas de cambio.

15 And, I mean, I have asked the auditors, how a currency
16 exchange -- not a transmitter -- a currency exchange, how can
17 money laundering happen on a currency exchange? You can't. I
18 mean, we don't have the ability to give you a check. We don't
19 have the ability to pay somebody else. I mean, it's
20 impossible.

21 Q. It sounds like you're expressing concerns about being
22 targeted by money laundering organizations, transnational
23 criminal organizations?

24 A. I mean, that's how -- I mean, we feel bad about it
25 because -- also, it's very hard to get accounts on banks

Edelmiro Agustin Martinez - Cross

1 because of businesses that we are, that we are high risk. And
2 now, with this, I mean, if we feel that we're being targeted to
3 shut down, I mean, just imagine a bank, close our accounts
4 or -- I mean, because we didn't file a CTR or something. And
5 it's just -- I mean --

6 Q. How do -- how do the fees that you charge your customers
7 for transactions compare to the fees that banks charge for
8 those transactions?

9 A. We actually make less money than banks because our margins
10 are close. But I'm going to put you an example. Let's say the
11 buy rate is right now at 20. You bring dollars, and I give you
12 peso. So let's say you bring one dollar, and I give you 20
13 pesos. And then that dollar, somebody from Mexico, let's say,
14 comes and bring -- has to give me 21 pesos to get that dollar.
15 So we make a peso, 50 cents, 30 cents. We make Mexican cents.
16 We don't make the -- I mean, that's the -- we made the middle.

17 Q. So it would be more expensive for your customers to do
18 those transactions at a bank, if they could do them at all; is
19 that right?

20 A. Actually, it's a bank that is very competitive. And it's
21 just following. However we mark -- our markups, they do it the
22 same.

23 MR. GREEN: All right. I'll pass the witness.

24 THE COURT: All right. You mentioned earlier about
25 the signs going up and so forth. Is that something recent in

1 terms of since the word got out about this GTO?

2 THE WITNESS: Well, I mean, on the MSB community, Your
3 Honor, I mean, there's some people that knows some bankers.
4 And they told them that they're preparing with high volume on
5 transactions because they know that they're going to go into
6 the banks.

7 THE COURT: Okay. Mr. Gutierrez, I think I'm done,
8 unless there's something else.

9 MR. GUTIERREZ: No, Your Honor.

10 THE COURT: You want to -- one thing we didn't -- come
11 on up.

12 MR. GUTIERREZ: Yes, sir.

13 THE COURT: -- we didn't speak to is venue. It's
14 discretionary, and I think it could be anywhere. I mean, if
15 y'all misbehave, I'm going to transfer this case to Pecos,
16 Texas. That's what -- Judge Bunton, if he got a -- he got a
17 big civil case that he didn't want, he would tell them -- he
18 would have a status conference in Pecos, Texas, and it would
19 settle.

20 MR. GUTIERREZ: Well, I'm willing to talk to the
21 government if they want to settle. We'll be glad to do that
22 today if they ask us for some alternatives, Judge.

23 I don't have -- I think we've gotten testimony already,
24 Judge, that we have members in both Maverick County and
25 Eagle Pass -- and in El Paso County. And so I know that --

1 THE COURT: We can --

2 MR. GUTIERREZ: We're not talking venue, but we do
3 have standing --

4 THE COURT: We can litigate venue later, if need be.

5 All right. Here -- any other testimony?

6 MR. GUTIERREZ: No further questions, Your Honor.

7 THE COURT: Okay. All right. Here's the ruling.

8 First of all -- and there will be a written order forthcoming.
9 But the Court finds that at least -- well, given that the
10 current rules under which these businesses have been operating
11 have been in place for decades, that this proposed rule has
12 come about very quickly, and there will be harm to these -- the
13 members of this group. This Court's ruling only applies to, I
14 believe, Mr. Gutierrez, 11 businesses --

15 MR. GUTIERREZ: Yes, Your Honor.

16 THE COURT: -- that you all represent under the
17 umbrella of the name of the association.

18 The Court finds that the government of the United States
19 will not be harmed, at least in the short term, if this matter
20 proceeds to go to a full preliminary injunction hearing, where
21 we can get the full administrative record. We can get
22 testimony from law enforcement, to the extent that that's the
23 reason for this rule.

24 Mr. Green, is that your understanding?

25 MR. GREEN: Yes, Your Honor.